

REPORT

(92b.)

Of C. H. Beddoe, Accountant of the Department of the Interior, of an audit of the books and accounts of the North Atlantic Trading Company.

DEPARTMENT OF THE INTERIOR,
OTTAWA, January 7, 1907.

Honourable FRANK OLIVER,
Minister of the Interior,
Ottawa.

SIR,—In accordance with your request I now have the honour to report in regard to my recent mission to London and the continent. The necessity for visiting these places was in consequence of the action of the Auditor General, who, as you are aware, refused to pass any further accounts of the North Atlantic Trading Company until a responsible officer of the Department of the Interior would give a certificate to the effect that the books, vouchers and accounts of the company had been examined and that the sum specified in section 3 of the contract had been expended during the years 1903-4, 1904-5 and 1905-6.

I arrived in London on Saturday afternoon, November 24, and proceeded to Amsterdam, the head office of the company, on the following Wednesday night. During my stay in London I had an opportunity to examine and arrange thoroughly the accounts which had been furnished by the company during the three years mentioned. This enabled me to find out exactly what would be needed to give the required certificate. On my arrival at Amsterdam I found no difficulty in locating the head office. There I met the manager, the secretary and an assistant, all of whom speak four or five languages. They have each of them done considerable work in establishing agencies and sub-agencies in different countries and their knowledge of languages makes them specially fitted for that class of work. It is also useful to them because of their being able to translate the voluminous correspondence which comes to the head office. In addition to the head office the company rents another large office near the railway station. I visited this office with the secretary and his assistant, and found that they had a large quantity of literature of various kinds and made these quarters the shipping point.

The company has a well established system which enables them to follow out their propaganda in a businesslike manner. They have agencies at Hamburg, Rotterdam, London, Libau, Odessa, Obo, Christiania, Stockholm, Copenhagen, Gothenburg and Amsterdam. These are the principal agencies, and there are many sub-agencies attached to each. Special agents are doing work in Scandinavia, Germany and other countries—quite a number of clergymen are assisting in the propaganda.

Owing to the stringent laws on the continent in regard to emigration a system has been adopted by the company which minimizes danger to the promoters in this respect. The German, Swiss and Luxemburg propaganda is worked through an agency in another country; the Austrian business is managed at a point in Germany, and so on. The names of those who are considered likely to emigrate are furnished by the agents and sub-agents and suitable literature is mailed to the addresses given. The postage on this literature is necessarily heavy on account of it having to be sent by letter-post. Records are kept in regard to the distribution of the literature showing the date, quantity shipped, name of consignee and destination.

6-7 EDWARD VII., A. 1907

I beg to state that the vouchers and receipts relating to the expenditure during the three years mentioned were examined thoroughly. The payments were verified by the book entries and a large number of correspondence files bearing on the expenditure were also examined in further verification of the payments.

There is no doubt in my mind as to the expenditure called for by the contract having been made, and I can certify not only to the sum of \$15,000 having been expended in each of the years mentioned, but also that the £1,000 required to be expended annually in Scandinavia has also been spent. After going over the expenditures I came to the conclusion that the company, knowing that the contract was to run for ten years, deliberately set about forming a widespread propaganda with a view to future business. They were evidently aware, as business men, that the only way to obtain a large return was to spend money freely in advertising, the printing and distribution of suitable literature and also by well organized agencies throughout the continent.

The total expenditure during the years mentioned above was as follows :—

1903-4..	\$ 29,037 89
1904-5..	29,759 18
1905-6...	25,631 54
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	\$ 84,428 61
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Under the contract it was necessary for them to expend only \$45,000 on the continent and \$15,000 in Scandinavia, or a total expenditure of \$60,000 during the period mentioned. The figures above show a surplus expenditure during the three years over and above the sum called for in the contract amounting to \$24,428.61. The expenditure connected with the Scandinavian propaganda was as follows :—

1903-4..	\$ 9,091 60
1904-5..	6,740 36
1905-6..	7,347 75
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	\$ 23,179 71
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The expenditure in other countries was :—

1903-4..	\$ 19,946 29
1904-5..	23,018 82
1905-6..	18,283 79
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	\$61,248 90
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The expenditure may be subdivided into three heads :

(1) *Cost of management*, including salaries, rent, postage, travelling expenses, allowance to agents for conducting propaganda, commissions to agents and petty office expenses.

(2) *Printing*.

(3) *Advertising*.

COST OF MANAGEMENT.

The salaries paid to the staff at head office are not heavy considering that they devote their whole time to the work. The manager receives about \$1,500, the secretary \$1,400 and the assistant \$750. An allowance is made to the head office in Scandinavia (Gothenburg) amounting to 500 kroners per month to cover salaries and postage—this is equal to about \$125 per month. The principal expenditure for travelling has been

SESSIONAL PAPER No. 92b

incurred by the staff at Amsterdam, who direct the whole propaganda, establishing agencies and sub-agencies throughout the districts covered by the contract. The postage is heavy because the company could not conduct their work openly and the literature, hundreds of thousands of copies of which have been mailed, has been sent by letter-post. An allowance has been made to some of the agents for furthering the propaganda work. The petty office expenses consists of taxes, fuel, light, telegrams, &c.

PRINTING.

During the three years ending June 30, 1906, the following literature was printed:
1903-4—

- 335,000 copies of pamphlet *Canada*, in 17 different languages.
- 115,000 copies of *Canadakarten*, in 8 languages.
- 350,000 covers for pamphlets.
- 150,000 copies of German pamphlet *Canada*.
- 150,000 wrappers for German pamphlet.
- 5,000 pamphlets printed in Dutch.
- 100,000 copies Swedish paper *Meddelande*.

1904-5—

- 300,500 copies of pamphlet *Canada*, in 16 languages.
- 250,000 covers.
- 100,000 *Canadakarten*.
- 35,000 Scandinavian cards.
- 20,000 Swedish pamphlets.
- 5,000 Swedish circulars.
- 5,000 Norwegian circulars.
- 50,000 German pamphlets.
- 50,000 Wrappers and application forms.
- 5,000 'Letters from Clergymen.'

1905-6—

- 275,000 copies of pamphlet *Canada*, in 13 languages.
- 300,000 covers for pamphlet.
- 173,500 agents' advertisements on back of pamphlets.
- 5,000 large Dutch pamphlets—20 pages with map.
- 130,500 *Canadakarten*, printed in 13 languages.
- 15,000 large Swedish pamphlets, 28 pages.
- 10,150 large Norwegian pamphlets, 32 pages.
- 100,000 maps, lithographed in 3 kinds—75,000 in 5 colours and 25,000 in 6 colours.
- 1,000 Hungarian pamphlets, large size.

The cost of the printing, including engravings, blocks, freight and translating was as follows :—

1903-4..	\$ 6,516 21
1904-5...	3,995 14
1905-6..	3,920 96

\$ 14,432 31

ADVERTISING.

In addition to the printing of literature the company adopted a systematic method of advertising, principally through large advertising bureaus. Copies of newspapers containing the advertisements have been furnished to the department. It may be mentioned that no large expenditures were incurred at the agencies, either for printing or advertising, until estimates had been submitted to the management. The company has endeavoured to obtain the best results at as low a cost as possible. Advertise-

6-7 EDWARD VII., A. 1907

ments have been inserted in hundreds of newspapers in Scandinavia and other countries on the continent. The total cost of advertising during the three years amounts to :—

1903-4...	\$ 3,294 68
1904-5...	7,480 89
1905-6...	3,696 51
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	\$ 14,472 08
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In conclusion I would say that from the evidence produced by the management there can be no doubt as to the company having fulfilled its part of the contract in respect to the expenditure of the sums mentioned. There can be no doubt as to the result of their propaganda—Canada has received an increasing number of emigrants each year, although the number from Scandinavia was not what might have been expected from the sums expended.

CHAS. H. BEDDOE,
Accountant.